VDF Faktoring A.S.

Key Rating Drivers

Support Drives Ratings: VDF Faktoring A.S.'s ratings are driven by support from controlling shareholder Volkswagen Financial Services Overseas AG (VWFSO; A-/Negative), as expressed by its Shareholder Support Rating (SSR) of 'bb-'. Fitch Ratings views VDF Faktoring as strategically important, given its mandate to complement and support Volkswagen AG's (VW) operations in Turkiye.

Constrained by Country Ceiling: VDF Faktoring's Long-Term Issuer Default Rating (IDR) and SSR are capped by Turkiye's 'BB-' Country Ceiling. The Country Ceiling captures transfer and convertibility risks and limits the extent to which support from VWFSO or VW can be factored into the Long-Term Foreign-Currency (LTFC) IDR.

Joint Venture: VDF Faktoring is fully owned by VDF Servis ve Ticaret A.S., which is in turn owned by VWFSO (51%) and Dogus Group (49%). Dogus is a large Turkish conglomerate with diverse operations and is the sole importer of VW vehicles in Turkiye. VWFSO exercises operational control over the VDF entities, but Dogus retains a significant role in running the company.

Reliance on VW Group: VDF Faktoring relies heavily on VW activity in Turkiye as it conducts most of its business activities within the group or with VW group car dealers. Historically, VWFSO has provided significant funding support when needed by extending loans at arm's length. Fitch believes VWFSO would continue to have a strong willingness to provide financial support to VDF entities.

Sound Asset Quality: VDF Faktoring has reported strong asset-quality metrics with no recorded non-performing loans (NPLs) since 2021. Concentration risk is significant, with the 10 largest names representing around 48% of factoring receivables, although most of the portfolio is related to intragoup transactions.

Proven Shareholder Support: Previous capital injections from shareholders include TRY10 million in 2019 (around 8% of end-2018 equity) and TRY20 million in 2020 (around 15% of end-2019 equity). VDF Servis, the local group's holding company, redistributes dividends extracted from other profitable subsidiaries into group companies that require support. VW has also contributed capital in previous years and Fitch believes further capital injections would be forthcoming if needed.

Captive Profile: Leverage is volatile as VDF Faktoring's business is driven by its captive profile. The gross debt/tangible equity ratio rose to 4.1x at end-2025 (end-2024: 3.4x) due to significant asset growth.

Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

The Long-Term IDRs and SSRs would be downgraded on a downward revision of Turkiye's Country Ceiling.

Changes in the propensity of support from VWFSO, for example, as a result of dilution of ownership, a loss of operational control or diminishing importance of the Turkish market, could also trigger a downgrade of the IDRs and SSR.

A deterioration of VDF Faktoring's creditworthiness relative to other Turkish issuers would be likely to trigger a downgrade of the National Rating.

An Outlook revision on Turkiye's sovereign LTFC IDR would be reflected on that of VDF Faktoring.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

An upgrade of Turkiye's Country Ceiling as a result of a sovereign rating upgrade would be reflected in VDF Faktoring's Long-Term IDR.

Shareholder Support Assessment

Shareholder support	
Shareholder IDR	A-
Total adjustments (notches)	-6
Shareholder Support Rating	bb-

Shareholder ability to support	
Shareholder rating	A-/Negative
Shareholder regulation	1 Notch
Relative size	Equalised
Country risks	2+ Notches

Shareholder propensity to support	
Subsidiary role and relevance	1 Notch
Reputational risk	2+ Notches
Integration	1 Notch
Support record	1 Notch
Subsidiary performance and prospects	1 Notch
Legal commitments	1 Notch

The colours indicate the weighting of each KRD in the assessment.
Influence: Light blue = lower; Dark blue = moderate; Red = higher

Key Qualitative Factors

Captive Franchise

VDF Faktoring's operations are predominantly limited to intermediating group business. It is a captive of the joint venture between VW group and the local distributor of VW-branded vehicles, Dogus Otomotiv, which has an important role in sales of VW's brands in Turkiye. Business from non-group companies is less than 1% of total factoring volumes, so, in Fitch's view, VDF Faktoring's franchise relies entirely on its group's business in Turkiye. The company shares management and office space with its sister VDF companies, which cover automotive financing, insurance, and fleet leasing. It has around 240 active customers and 24 employees.

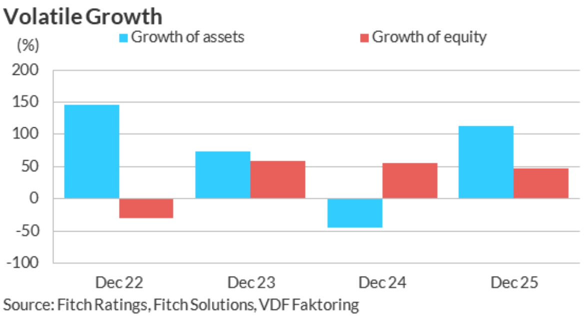
Business Model on VW Dealer Finance

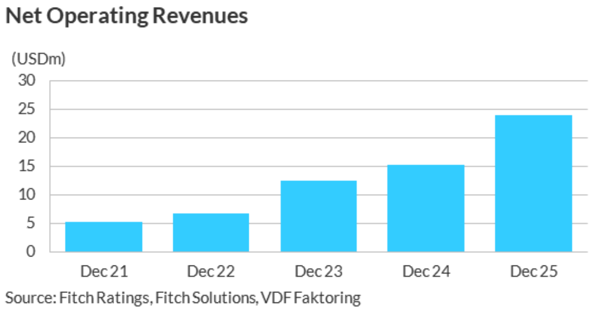
The entity extends financing to VW dealers in Turkiye on the acquisition of vehicles from Dogus Otomotiv. Therefore, VDF Faktoring is a key counterparty for dealers to meet their receivables financing needs. VDF Faktoring provides funding for receivables and can also provide reverse factoring, which involves prepaying the vendor before the contract payment date. Most receivables are non-recourse (around 90% at end-2025), but letters of guarantees from banks and asset pledges mitigate this risk.

Integrated Organisational Structure

VDF Servis is the umbrella company for all four Turkish non-bank financial institution joint ventures between VW group and Dogus. VWFSO owns 51% of VDF Servis, and the remainder is controlled by Dogus Group. This structure enables VDF Servis to allocate capital across its subsidiaries.

The subsidiaries of VDF Servis are part of an integrated business model, collectively regarded as one business division named 'Market Turkiye'. They share common strategies and single departments for treasury (budgeting, funding planning, and liquidity management), accounting and risk management. Cross-selling is prevalent, and functions such as IT and HR are also centralised.





Growth Volatile

The receivables book's growth has been uneven and volatile over the past four years due to the high reliance on the local automotive sector and the company's small and captive profile. We expect factoring volumes to remain volatile, driven mainly by group decisions and business needs.

Market Risks Low

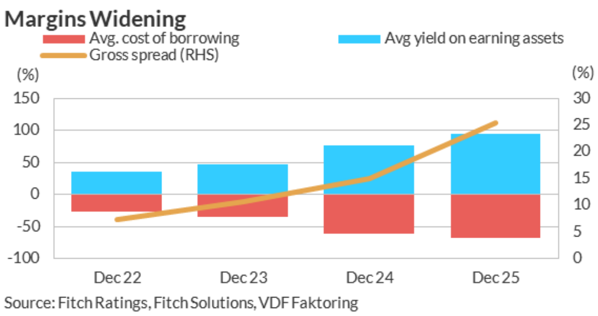
VDF Faktoring is not exposed to foreign-exchange risks as the entire receivables book is denominated in Turkish lira. The company previously operated in both lira and euros; however, FC-denominated receivables have been at zero since 2021. Funding has followed the same trend.

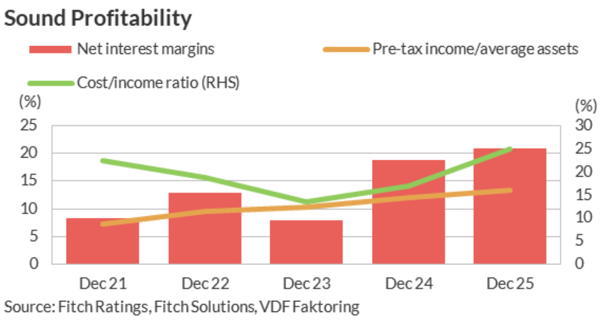
Interest-rate risk is low as the business model operates very short-dated assets and liabilities, with all receivables being fixed-rate.

Financial Profile

Asset Quality

The company has reported no NPLs since 2021 and has not allocated any provisions for losses on receivables. VDF Faktoring attributes this to prudent client-selection practices and its captive profile, particularly concerning car dealers. Collateral includes bank guarantees and vehicles.





Earnings and Profitability

Profitability has been very strong since 2022, helped by high real interest rates in Turkiye. VDF Faktoring's pre-tax income/average assets ratio increased to 13.4% (2024: 12.0%), due mainly to high lending rates in the market. The gross spread between yield on earning assets versus the average cost of borrowing increased to 25% (2024: 15%), contributing to profitability.

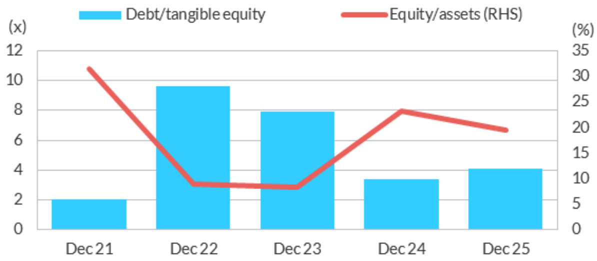
Operating costs slightly increased but still represented a moderate 25% of net revenue (2024: 17%). Nominal profitability indicators are highly distorted by the inflation in Turkiye.

Capitalisation and Leverage

The debt/tangible equity ratio was moderate at 4.1x at end-2025 (end-2024: 3.4x). The increase was driven by rapid asset growth outpacing internal capital generation in 2025.

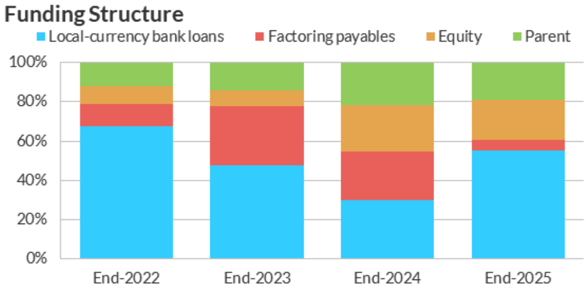
The company has benefitted from past capital injections (TRY20 million in 2020, and TRY10 million in 2019), and we believe that shareholders would make further support available, if needed.

Capitalisation & Leverage



Source: Fitch Ratings, Fitch Solutions, VDF Faktoring

Funding Structure



Source: Fitch Ratings, Fitch Solutions, VDF Faktoring A.S.

Funding and Liquidity

VDF Faktoring's main funding sources are bilateral bank loans (70%), parent funding (24%) and refactoring (6%). However, depending on market conditions and funding preferences, the company has the capacity to quickly shift its funding profile, given also its short-term balance sheet maturities. The funding mix has been volatile in previous years, and quick repositionings are potentially possible within the same year.

All funding is denominated in lira, matching the currency of the receivables portfolio. Before 2021, the parent company provided some euro-denominated loans, as some receivables were euro-denominated. The average funding tenor remains very short, at around three months, which is typical for Turkish factoring companies. This short tenor is offset by the similarly short-term receivables.

Environmental, Social and Governance Considerations

FitchRatings **VDF Faktoring A.S.** NBFI Ratings Navigator

Credit-Relevant ESG Derivation

VDF Faktoring A.S. has 6 ESG potential rating drivers

- VDF Faktoring A.S. has exposure to regulatory risks, emissions fines or compliance costs related to owned equipment, which could impact asset demand, profitability, etc. but this has very low impact on the rating.
- VDF Faktoring A.S.
- Governance is minimally relevant to the rating and is not currently a driver.

key driver	0	issues
driver	0	issues
potential driver	6	issues
not a rating driver	6	issues
	2	issues

ESG Relevance to Credit Rating

5
4
3
2
1

Environmental (E) Relevance Scores

General Issues	E Score	Sector-Specific Issues	Reference	E Relevance
GHG Emissions & Air Quality	3	Regulatory risks, emissions fines or compliance costs related to owned equipment, which could impact asset demand, profitability, etc.	Sector Risk Operating Environment	5
Energy Management	2	Investments in or ownership of assets with below-average energy/fuel efficiency which could impact future valuation of these assets	Risk Profile	4
Water & Wastewater Management	2	n.a.	n.a.	3
Waste & Hazardous Materials Management; Ecological Impacts	3	n.a.	n.a.	2
Exposure to Environmental Impacts	2	Impact of extreme weather events on assets and/or operations and corresponding risk profile & management; catastrophe risk; credit concentrations	Business Profile; Asset Quality	1

How to Read This Page

ESG relevance scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the ESG general issues and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit-relevance of the sector-specific issues to the issuer's overall credit rating. The Criteria Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The vertical color bars are visualizations of the frequency of occurrence of the highest constituent relevance scores. They do not represent an aggregate of the relevance scores or aggregate ESG credit relevance.

The Credit-Relevant ESG Derivation table's far right column is a visualization of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The three columns to the left of ESG Relevance to Credit Rating summarize rating relevance and impact to credit from ESG issues. The box on the far left identifies any ESG Relevance Sub-factor issues that are drivers or potential drivers of the issuer's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the relevance score. All scores of '4' and '5' are assumed to reflect a negative impact unless indicated with a '+' sign for positive impact.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI), the Sustainability Accounting Standards Board (SASB), and the World Bank.

Social (S) Relevance Scores

General Issues	S Score	Sector-Specific Issues	Reference	S Relevance
Human Rights, Community Relations, Access & Affordability	1	n.a.	n.a.	5
Customer Welfare - Fair Messaging, Privacy & Data Security	2	Fair lending practices; pricing transparency; repossession/foreclosure/collection practices; consumer data protection; legal/regulatory fines stemming from any of the above	Sector Risk Operating Environment; Risk Profile; Asset Quality	4
Labor Relations & Practices	2	Impact of labor negotiations, including board/employee compensation and composition	Business Profile; Management & Strategy; Earnings & Profitability; Capitalization & Leverage; Funding, Liquidity & Coverage	3
Employee Wellbeing	1	n.a.	n.a.	2
Exposure to Social Impacts	2	Shift in social or consumer preferences as a result of an institution's social positions, or social and/or political disapproval of core activities	Business Profile; Earnings & Profitability	1

Governance (G) Relevance Scores

General Issues	G Score	Sector-Specific Issues	Reference	G Relevance
Management Strategy	3	Operational implementation of strategy	Management & Strategy	5
Governance Structure	3	Board independence and effectiveness; ownership concentration; protection of creditor/stakeholder rights; legal /compliance risks; business continuity; key person risk; related party transactions	Management & Strategy	4
Group Structure	3	Organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership	Business Profile	3
Financial Transparency	3	Quality and timing of financial reporting and auditing processes	Management & Strategy	2
				1

CREDIT-RELEVANT ESG SCALE

How relevant are E, S and G issues to the overall credit rating?

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit https://www.fitchratings.com/topics/esg/products#esg-relevance-scores

Financials

Income Statement

	31 Dec 25		31 Dec 24	31 Dec 23	31 Dec 22
	Year end	Year end	Year end	Year end	Year end
	(USD000)	(TRY000)	(TRY000)	(TRY000)	(TRY000)
		Audited	Audited	Audited	Audited
Revenue					
Interest income on loans	76,122.3	3,265,716	1,910,287	864,447	334,171
Total gross operating revenues	79,600.8	3,414,948	2,052,882	1,087,356	340,086
Total interest expense	55,705.5	2,389,817	1,515,224	718,608	215,120
Total net operating revenues	23,895.3	1,025,131	537,658	368,748	124,966
Memo: net interest income	23,238.4	996,948	502,300	185,581	126,352
Total non-iInterest operating income	656.9	28,183	35,358	183,167	-1,033
Expenses					
Total operating expenses	5,941.9	254,915	91,261	50,211	23,524
Pre-impairment/provision operating profit	17,953.4	770,216	446,397	318,537	101,442
Operating profit	17,953.4	770,216	446,397	318,537	101,442
Pre-tax income	17,953.4	770,216	446,397	318,537	101,442
Net income (incl. non-controlling interests)	12,479.8	535,396	317,884	220,963	75,441
Total comprehensive income	12,476.5	535,254	318,011	220,741	75,242
Exchange rate		USD1 = TRY42.900	USD1 = TRY35.312	USD1 = TRY29.464	USD1 = TRY18.715

Source: Fitch Ratings, Fitch Solutions, VDF Faktoring A.S.

Balance Sheet

	31 Dec 25		31 Dec 24	31 Dec 23	31 Dec 22
	Year end	Year end	Year end	Year end	Year end
	(USD000)	(TRY000)	(TRY000)	(TRY000)	(TRY000)
		Audited	Audited	Audited	Audited
Loans and leases					
Gross loans & finance leases	119,160.6	5,112,096	2,169,487	3,188,571	1,513,041
Total interest earning assets	119,160.6	5,112,096	2,169,487	3,188,571	1,513,041
Total assets	146,719.9	6,294,414	2,955,366	4,503,421	1,655,023
Debt and deposits					
Short-term borrowings (maturing within 12 months)	111,930.7	4,801,927	2,180,627	2,729,961	1,301,348
Long-term borrowings (maturing after 12 months)	n.a.	n.a.	n.a.	n.a.	122
Total borrowings	111,930.7	4,801,927	2,180,627	2,729,961	1,301,470
Total debt and deposits	111,930.7	4,801,927	2,180,627	2,729,961	1,301,470
Total liabilities	118,235.7	5,072,418	2,268,624	4,134,690	1,507,033
Total equity excl. hybrid capital accounted for as equity	28,484.2	1,221,996	686,742	368,731	147,990
Total equity	28,484.2	1,221,996	686,742	368,731	147,990
Total liabilities and equity	146,719.9	6,294,414	2,955,366	4,503,421	1,655,023
Exchange rate		USD1 = TRY42.900	USD1 = TRY35.312	USD1 = TRY29.464	USD1 = TRY18.715

Source: Fitch Ratings, Fitch Solutions, VDF Faktoring A.S.

Summary Analytics

	31 Dec 25	31 Dec 24	31 Dec 23	31 Dec 22
	Year end	Year end	Year end	Year end
Asset quality (%)				
Growth of gross loans & finance leases YoY	135.6	-32.0	110.7	230.4
Earnings and profitability (%)				
Pre-tax income/average assets	13.4	12.0	10.3	9.5
Operating expenses/total net revenue	24.9	17.0	13.6	18.8
Pre-tax income/average equity	80.7	84.6	123.3	67.8
Capitalisation and leverage (x)				
Total funding/tangible equity	4.1	3.4	7.9	9.6
Tangible equity/tangible assets (%)	18.8	22.2	7.7	8.2
(Net income - dividends - share repurchases)/beginning equity (%)	78.0	86.2	149.3	-1.9
Funding, liquidity and coverage (%)				
Unsecured funding/total funding	47.5	67.3	100.0	100.0
(Liquid assets + undrawn committed facilities)/short-term funding (x)	0.1	0.3	0.5	0.1
Short-term funding/total funding	100.0	100.0	100.0	100.0
Short-term corporate debt/total corporate debt	100.0	67.3	100.0	100.0
Dividends/net income	n.a.	n.a.	n.a.	103.8

Source: Fitch Ratings, Fitch Solutions, VDF Faktoring A.S.

Ratings

Foreign Currency

Long-Term IDR	BB-
Short-Term IDR	B
Shareholder Support Rating	bb-
National Rating	
National Long-Term Rating	AAA(tur)
Sovereign Risk (Turkiye)	
Long-Term Foreign-Currency IDR	BB-
Long-Term Local-Currency IDR	BB-
Country Ceiling	BB-
Outlooks	
Long-Term Foreign-Currency IDR	Stable
National Long-Term Rating	Stable
Sovereign Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Local-Currency IDR	Stable

Applicable Criteria

National Scale Rating Criteria (December 2020)
Non-Bank Financial Institutions Rating Criteria (January 2025)

Related Research

Fitch Revises Volkswagen's 3 Turkish NBFI Subsidiaries' Outlook to Positive on Sovereign Action (January 2026)
Turkiye Financial Sectors Outlook Compendium 2026 (February 2026)

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For information on the participation status in the rating process of an issuer listed in this report, please refer to the most recent rating action commentary for the relevant issuer, available on the Fitch Ratings website.

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